



SACHI A. HAMAI
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
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MEMBERS OF THE BOARD

GLORIA MOLINA

MARK RIDLEY-THOMAS

ZEV YAROSLAVSKY

DON KNABE

MICHAEL D. ANTONOVICH

December 03, 2013

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

10 December 3, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVE THE RECOMMENDATION OF THE HEARING OFFICER REGARDING THE PETITION
TO RESCIND THE SALE OF TAX-DEFAULTED PARCEL ASSESSOR IDENTIFICATION
NUMBER (AIN) 5016-014-005, 4620, 4622, AND 4624 S. WESTERN AVENUE, LOS ANGELES
90062**

SUBJECT

The above-referenced parcel of real property was sold at the 2012A Public Auction of Tax Defaulted property held on October 22, 2012 by the County Treasurer and Tax Collector (TTC). Subsequently, the former owner petitioned your Board to request that the sale be rescinded.

The TTC determined that the particulars of the petition required a hearing be held on this item, pursuant to California Revenue and Taxation (R&T) section 3731. As such, a hearing was scheduled on October 2, 2013, and presided by the appointed Hearing Officer

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the recommendation in the attached report from the Hearing Officer to uphold the sale of AIN 5016-014-005.
2. Instruct the Executive Officer to notify the Petitioner and the other parties to the sale that the sale will not be rescinded.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommendation of the Hearing Officer in this matter ensures the County's compliance with the relevant sections of the R&T Code.

Implementation of Strategic Plan Goals

The recommendations are consistent with the principles of County Strategic Plan Goal No. 1 (Operations Effectiveness) by providing the petitioners seeking to rescind tax sales with an Executive Officer-appointed Hearing Officer; and Goal No. 4 (Fiscal Sustainability), by avoiding unnecessary and potentially costly legal proceedings.

FISCAL IMPACT/FINANCING

No Fiscal Impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Revenue and Taxation Code section 3725 provides a proceeding based on alleged invalidity or irregularity of any proceedings instituted under the chapters governing sale of tax-defaulted property.

The request referenced in this letter meets the statutory guidelines and accordingly required that the Board of Supervisors conduct, or cause to be conducted through an appointed Hearing Officer, a hearing on the matter.

The hearing having been conducted, and a recommendation from the Hearing Officer received, your Board is now required to accept or reject the recommendation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact.

The Honorable Board of Supervisors

12/3/2013

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Respectfully submitted,

A handwritten signature in black ink, reading "Sachi A. Hamai". The signature is written in a cursive, flowing style.

SACHI A. HAMAI

Executive Officer, Board of Supervisors

SAH:po

Enclosures

c: Chief Executive Officer
County Counsel
Assessor
Treasurer and Tax Collector
Auditor-Controller



SACHI A. HAMAI
EXECUTIVE OFFICER

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October 25, 2013

Sachi A. Hamai, Executive Officer
County of Los Angeles, Board of Supervisors
500 West Temple Street
Los Angeles, CA 90012

Dear Ms. Hamai:

Re: HEARING FOR PETITION TO RESCIND AIN 5016-014-005

The Treasurer and Tax Collector has the power to sell nonresidential commercial property that has been delinquent for three or more years and residential property that has been delinquent for five or more years.

The Assessor's Identification Number (AIN) 5016-014-005 was sold at the 2012A County Public Auction on October 22, 2012. Subsequently, on July 19, 2013, Mr. James Taylor filed a petition with the Board of Supervisors to request a rescission of the sale of AIN 5016-014-005.

Pursuant to Revenue and Taxation Code 3731(b), I served as Hearing Officer on October 9, 2013, to hear arguments for and against rescission of AIN 5016-014-005 on behalf of the Board of Supervisors. I heard testimony from Mr. Taylor, the prior property owner; Mr. William W. Kim, attorney for the purchaser, Kay Han; Sayuj Panicker, County Counsel for Treasurer and Tax Collector (TTC); and Kathy Gloster and Deborah Wright. Also present were LaTayvius Alberty, County Counsel, representing the Board of Supervisors, and Ken Press, TTC. I reviewed documents provided by Mr. Kim and Mr. Taylor.

The Petitioner contends that AIN 5016-014-005 should not have been sold because it is included in a current bankruptcy. An automatic stay was in place and the property should have been pulled from the sale. The Petitioner indicated he provided notice and documentation of the bankruptcy to TTC prior to the October 22, 2012 sale and was informed that his property would be pulled and not sold at the action.

Mr. Panicker, on behalf of TTC, indicated that TTC mistakenly believed the bankruptcy documents Mr. Taylor submitted referred to a previous bankruptcy, as there have been at least six prior bankruptcy filings by Mr. Taylor since 2003, and included the property in the October 22, 2012 auction. Accordingly, the parcel was inadvertently sold to the Purchaser. However, Mr. Panicker stated that the Purchaser subsequently petitioned the federal bankruptcy court to lift the stay to allow sale of the property. The federal bankruptcy court annulled the automatic stay and deemed the deed valid.

Ms. Sachi A. Hamai

October 25, 2013

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Mr. Kim, on behalf of the Purchaser, contends that Mr. Taylor has a pattern of filing bankruptcies to avoid paying taxes and has not paid taxes on the subject property since 1996. Mr. Taylor did not dispute this practice. Mr. Kim also provided a copy of the order from Judge Zurzolo in the matter of Kay Han vs. Debtor, James Chester Taylor Jr. Due to Mr. Taylor's history of filing numerous bankruptcies and failing to resolve the matter through the years, Judge Zurzolo determined that Mr. Taylor did not have "clean hands" and granted the Purchaser's motion for relief from the automatic stay and the stay was deemed annulled retroactively to the date of the bankruptcy petition filing.

Mr. Taylor contends that Judge Zurzolo acted beyond his authority in lifting the automatic stay and contrary to the Appellate Court's holding in 40235 Washington Street Corp. v. Lusardi, 329 F.3d 1076 (9th Cir. 2003).

Recommendation

It is beyond the jurisdiction of this hearing to question the decision of the federal bankruptcy court. The automatic stay was deemed annulled retroactively to the date Mr. Taylor filed his bankruptcy petition. Therefore, I recommend the sale of AIN 5016-014-005 remains in place and is not rescinded.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sharon Ryzak".

Sharon Ryzak
Hearing Officer